

Message Text

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PAGE 01 STATE 136813
ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 COME-00 TRSE-00 OES-07
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-----017147 310637Z /20

R 302239Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: EINV, ETRD, BTRA

SUBJECT: POSSIBLE INVESTMENT IN AUSTRALIA

1. RUDOLF W. GRAF, SENIOR VICE PRESIDENT, MINERALS AND CHEMICALS DIVISION OF ENGELHARD MINERALS AND CHEMICALS CORP., WILL VISIT CANBERRA IN NEXT WEEK OR TWO AND WOULD LIKE TO CALL ON EMBASSY TO DISCUSS INVESTMENT CLIMATE IN AUSTRALIA.

2. ENGELHARD HAS SIGNED INTENT OF AGREEMENT WITH AUSTRALIAN PRIVATE GROUP TO FORM JOINT VENTURE WHICH WOULD MINE A NON-PETROLEUM, NON-METALLIC (AND NON-URANIUM) MINERAL IN WESTERN AUSTRALIA. MINERAL WOULD BE REFINED NEAR SITE, AND 90 PERCENT OF IT EXPORTED TO JAPAN. ENGELHARD WOULD INVEST 20-30 MILLION DOLLARS AND WOULD OWN 80 PERCENT OF JOINT VENTURE. THEY ARE CURRENTLY SEEKING FOREIGN INVESTMENT REVIEW BOARD (FIRB) APPROVAL OF THEIR PRO-
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POSED JOINT VENTURE. THEY UNDERSTAND FIRB GUIDELINES CALL FOR LIMIT OF 50 PERCENT FOREIGN OWNERSHIP BUT ARE SOMEWHAT FLEXIBLE. IF THEY OBTAIN APPROVAL, THEY WILL SIGN "OPTION AGREEMENT" WITH LOCAL PARTNERS AND UNDERTAKE 12-24 MONTH FEASIBILITY STUDY. THEY WILL PROBABLY NOT INVEST IF THEY ARE NOT ALLOWED 80 PERCENT OWNERSHIP.

3. GRAF WILL WANT EMBASSY VIEWS ON FIRB AND ITS GUIDELINES, ON LONG RANGE POLITICAL OUTLOOK IN AUSTRALIA, ON FEDERAL/STATE RELATIONS IN INVESTMENT MATTERS, AND ON LABOR SITUATION, ESPECIALLY IN MINING. THEY WOULD ALSO LIKE TO DISCUSS SHIPPING COSTS WITH ANYONE IN EMBASSY, INCLUDING GSO, WHO IS KNOWLEDGEABLE ON THIS SUBJECT.

4. EMBASSY PLEASE PROVIDE ENGELHARD ALL APPROPRIATE ASSISTANCE. ALL INFORMATION IN THIS CABLE, INCLUDING ENGELHARD CONSIDERATION OF ANY INVESTMENT IN AUSTRALIA, SHOULD BE TREATED AS BUSINESS CONFIDENTIAL. VANCE

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Message Attributes

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